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OUTGOING TELEGRAM Department of State

CHARGE TO

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Origin 1101 SENT TO: Amembassy TEHRAN PRIORITY MEA 1119 Amembassy BAGHDAD PRIORITY Info: Amembassy LONDON PRIORITY 2992 Amsonsul KHORRAMSHAHR

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III. EUR Re Khorramshahr's 83, 84, 86 to Tehran, rptd Dept 8, 9, 10.

FYI. Dept concerned over apparent Iranian determination proceed unilaterally re use Khosroabad port despite Iraqi unwillingness certify port. Iranian flag requirement which appears to be clear violation commonly accepted international practice would also seem to be evidence Iranian decision to force issue with Iraq.

Aside from immediate adverse impact on Shatt shipping, this precipitate OCB USIA Iranian action can well have wider repercussions particularly in view current CIA highly tense political situation at Baghdad. In Dept's opinion public dis-OSD ARMY pute over Shatt can readily be exploited by communist elements in Iraq to NAVY AIR divert attention from internal political problems to charges that USG and RMR Iran conniving in "imperialist" maneuver against Iraqi regime.

While Dept has feared unilateral action by Iranians, activities of Iran Amb in Baghdad and Iran FonOff led to impression that Iran was trying to negotiate difficulties over Shatt and was seeking improvement in relations. Recognizing that apparent contradiction may represent real split in Iran govt, we would appreciate Tehran's comment re origins this move and whether step

Telegraphic transmission and

NEA : GTI : GEMonser : NE : AHMeyer : gld (10/) ignification approved by :

NEA - Parker T. Hart

Clearances:

BNA - Mr. Swihart L/NEA - Mr. Reid (in substance)

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taken with full knowledge govt and with approval of Shah. We would also like comment from all addressee posts regarding validity Iraqi contention that Khosroabad cannot be used for technical reasons.

In Dept's opinion, solution of Khosroabad problem is most immediate need. Unless Iraqi refusal to certify Khosroabad is based on sound technical grounds, Iranians would appear to have legitimate complaint. Iranians are apparently frustrated at present over unwillingness or inability Iraqi authorities to discuss Khosroabad problem.

We would like Tehran, Baghdad and London comment on following suggested approach designed avoid what could prove to be major international incident: Tehran would be authorized approach Iranians expressing understanding of Iranian concern over denial of access to Khosroabad but stressing at same time thought that unillateral forcing action, e.g. flag requirement and ship movements controlled by Iran, may prove detrimental to all concerned. For example, shipping lines which are independent of govt control might well decide suspend service Abadan and Khorramshahr if forced to do something contrary to instructions of Basra Port Authority. Tehran could point out frankly to Iranian authorities that Iraqi situation is such that there is very little U.S. can do to influence that govt at present time, and precipitate Iranian action can provide communists with readily exploitable opportunity, given present highly tense political situation in Baghdad. We continue believe that it is in interests of all that Iraqis be given every opportunity to work out their problems. In other words, we are not questioning Iran's concern over Shatt and

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denial access to Khosroabad but we believe that current Iranian tactics are ill advised and likely to bring serious repercussions.

At same time we would tell Iranians that if matters allowed revert to normal and situation calms down Embassy Baghdad would at earliest suitable opportunity raise Khosroabad issue at highest level Iraqi govt urging early meeting with Iranians to resolve Khosroabad issue. If queried by Iraqis and Iranians as to our interest we would express our regret over differences of opinion between Iraq and Iran and add that we are also concerned over security of American companies equipment and personnel in vicinity Shatt-el-Arab. END FII.

Comments on above approach urgently desired. It has been discussed with U.K. Embassy here which is cabling London. Embassy London should discuss with FonOff.

Dept told U.K. Embassy it did not favor joint demarche.

Pouched by DCT